

AMENDED IN ASSEMBLY JUNE 19, 2006

**SENATE BILL**

**No. 257**

---

**Introduced by Senator Chesbro**

*(Principal coauthor: Assembly Member Ridley-Thomas)*

February 15, 2005

---

~~An act to amend Section 5845 of the Welfare and Institutions Code, relating to mental health. An act to add Section 51050.1 to, and to add Chapter 6.3 (commencing with Section 51312) to Part 3 of Division 31 of, the Health and Safety Code, relating to housing and community development.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 257, as amended, Chesbro. ~~Mental health services. Special needs housing.~~

*Existing law creates the California Housing Finance Fund in the State Treasury, and authorizes the transfer of construction loan funds to the construction lender or to the contractor as necessary to meet draws for progress payments pursuant to rules and regulations of the California Housing Finance Agency. Existing law prescribes the powers and duties of the agency with regard to providing loans and subsidizing housing for persons and families of low or moderate income and authorizes the agency to utilize federal subsidies available to provide housing for those families and persons.*

*This bill would additionally authorize the agency to make loans to finance affordable housing, including residential structures, housing developments, multifamily rental housing, special needs housing, as defined, and other forms of housing permitted by provisions regulating housing and community development. The bill would authorize the agency, in addition to any other power conferred*

*pursuant to specified laws governing housing and community development, to issue revenue bonds, in accordance with specified requirements, for the purpose of financing the acquisition, construction, rehabilitation, refinancing, or development of special needs housing, as defined.*

~~Existing law, the Mental Health Services Act, establishes the Mental Health Services Oversight and Accountability Commission, sets forth provisions relating to the appointment and qualification of its members, and prescribes the commission's oversight duties regarding the provision of services under the act. The act, an initiative measure, permits amendment by the Legislature to further the purposes of the act by a  $\frac{2}{3}$  vote of both houses and permits amendment to clarify procedures and terms by a majority vote of both houses.~~

~~This bill would require the commission to elect, from its members, a chair and vice chair at its first meeting and annually thereafter.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Section 51050.1 is added to the Health and*  
2     *Safety Code, to read:*

3     *51050.1. The agency may make loans to finance affordable*  
4     *housing, including residential structures, housing developments,*  
5     *multifamily rental housing, special needs housing, and other*  
6     *forms of housing permitted by this part.*

7     *SEC. 2. Chapter 6.3 (commencing with Section 51312) is*  
8     *added to Part 3 of Division 31 of the Health and Safety Code, to*  
9     *read:*

10  
11                     *CHAPTER 6.3. SPECIAL NEEDS HOUSING*  
12

13     *51312. (a) The primary purpose of this chapter is to provide*  
14     *an additional method of financing special needs housing.*

15     *(b) (1) For purposes of this chapter, "special needs housing"*  
16     *means any housing, including supportive housing, intended to*  
17     *benefit, in whole or in part, persons identified as having special*  
18     *needs relating to any of the following:*

19         *(A) Mental health or physical disabilities.*

20         *(B) The risk of homelessness.*

1 (C) Identified any similar related special housing need.

2 (2) Special needs housing shall also include housing intended  
3 to meet the housing needs of persons eligible for mental health  
4 services funded in whole or in part by the Mental Health Services  
5 Fund, created by Section 5890 of the Welfare and Institutions  
6 Code.

7 51313. The exercise of the powers granted by this chapter  
8 shall be in all respects for the benefit of the people of this state  
9 and for their health and welfare. Therefore, any bonds issued by  
10 the agency, pursuant to this chapter, their transfer, and the  
11 income therefrom shall at all times be free from taxation by the  
12 state or any political subdivision or other instrumentality of the  
13 state, excepting inheritance and gift taxes.

14 51314. Subject only to the limitations of this chapter, the  
15 agency may, in addition to any other power conferred by this  
16 part, issue revenue bonds as provided in Chapter 7 (commencing  
17 with Section 51350) for the purpose of financing the acquisition,  
18 construction, rehabilitation, refinancing, or development of  
19 special needs housing, and for the provision of capital  
20 improvements in connection with, and determined necessary to,  
21 such housing.

22 51315. Subject only to the limitations prescribed in this  
23 chapter, the agency, in addition to any other power conferred by  
24 this part with respect to housing, may make or undertake  
25 commitments to make loans to finance the acquisition,  
26 construction, rehabilitation, refinancing, or development of  
27 special needs housing. For this purpose, the agency may enter  
28 into regulatory contracts and other agreements with the owners  
29 or operators of that housing to ensure compliance with this  
30 chapter.

31 51316. Subject only to the limitations prescribed in this  
32 chapter and the projected availability of grant or other revenues  
33 to repay any revenue bonds issued pursuant to this chapter, the  
34 agency, in addition to any other power conferred by this part  
35 with respect to housing, may make or undertake commitments to  
36 make grants to pay the costs of the acquisition, construction,  
37 rehabilitation, refinancing, or development of special needs  
38 housing. For this purpose, the agency may enter into regulatory  
39 contracts and other agreements with the owners or operators of  
40 the housing to ensure compliance with this chapter.

1     51317. *Subject only to the limitations prescribed in this*  
2 *chapter, the agency, in addition to any other power conferred by*  
3 *this part, may purchase, or undertake, directly or indirectly*  
4 *through lending institutions, commitments to purchase,*  
5 *construction loans, mortgage loans, or other types of loans*  
6 *originated in accordance with a financing agreement with the*  
7 *agency to finance the acquisition, construction, rehabilitation,*  
8 *refinancing, or development of special needs housing, and for the*  
9 *provision of capital improvements in connection with, and*  
10 *determined necessary to, such housing.*

11     51318. *For the purposes of this chapter, the agency shall*  
12 *have the power to issue its bonds to defray, in whole or in part,*  
13 *the costs of studies and surveys, insurance premiums,*  
14 *underwriting fees, legal, accounting and marketing services*  
15 *incurred in connection with the issuance and sale of bonds,*  
16 *including bond and operating reserve accounts, trustee,*  
17 *custodian, and rating agency fees, and such other costs as are*  
18 *reasonably related to the foregoing.*

19     51319. *This chapter constitutes a complete, additional, and*  
20 *alternative method to issue bonds to finance the costs of special*  
21 *needs housing.*

22     ~~SECTION 1. Section 5845 of the Welfare and Institutions~~  
23 ~~Code is amended to read:~~

24     ~~5845. (a) The Mental Health Services Oversight and~~  
25 ~~Accountability Commission is hereby established to oversee Part~~  
26 ~~3 (commencing with Section 5800), the Adult and Older Adult~~  
27 ~~Mental Health System of Care Act; Part 3.1 (commencing with~~  
28 ~~Section 5820), Human Resources, Education, and Training~~  
29 ~~Programs; Part 3.2 (commencing with Section 5830), Innovative~~  
30 ~~Programs; Part 3.6 (commencing with Section 5840), Prevention~~  
31 ~~and Early Intervention Programs; and Part 4 (commencing with~~  
32 ~~Section 5850), the Children's Mental Health Services Act. The~~  
33 ~~commission shall replace the advisory committee established~~  
34 ~~pursuant to Section 5814. The commission shall consist of 16~~  
35 ~~voting members as follows:~~

36     ~~(1) The Attorney General or his or her designee.~~

37     ~~(2) The Superintendent of Public Instruction or his or her~~  
38 ~~designee.~~

1 ~~(3) The Chairperson of the Senate Health and Human Services~~  
2 ~~Committee or another Member of the Senate selected by the~~  
3 ~~President pro Tempore of the Senate.~~

4 ~~(4) The Chairperson of the Assembly Health Committee or~~  
5 ~~another Member of the Assembly selected by the Speaker of the~~  
6 ~~Assembly.~~

7 ~~(5) Two persons with a severe mental illness, a family member~~  
8 ~~of an adult or senior with a severe mental illness, a family~~  
9 ~~member of a child who has or has had a severe mental illness, a~~  
10 ~~physician specializing in alcohol and drug treatment, a mental~~  
11 ~~health professional, a county sheriff, a superintendent of a school~~  
12 ~~district, a representative of a labor organization, a representative~~  
13 ~~of an employer with less than 500 employees and a~~  
14 ~~representative of an employer with more than 500 employees,~~  
15 ~~and a representative of a health care services plan or insurer, all~~  
16 ~~appointed by the Governor. In making appointments, the~~  
17 ~~Governor shall seek individuals who have had personal or family~~  
18 ~~experience with mental illness.~~

19 ~~(b) Members shall serve without compensation, but shall be~~  
20 ~~reimbursed for all actual and necessary expenses incurred in the~~  
21 ~~performance of their duties.~~

22 ~~(c) The term of each member shall be three years, to be~~  
23 ~~staggered so that approximately one-third of the appointments~~  
24 ~~expire in each year. The commission shall elect, from its~~  
25 ~~members, a chair and vice chair at its first meeting and annually~~  
26 ~~thereafter.~~

27 ~~(d) In carrying out its duties and responsibilities, the~~  
28 ~~commission may do all of the following:~~

29 ~~(1) Meet at least once each quarter at any time and location~~  
30 ~~convenient to the public as it may deem appropriate. All~~  
31 ~~meetings of the commission shall be open to the public.~~

32 ~~(2) Within the limit of funds allocated for these purposes,~~  
33 ~~pursuant to the laws and regulations governing state civil service,~~  
34 ~~employ staff, including any clerical, legal, and technical~~  
35 ~~assistance as may appear necessary.~~

36 ~~(3) Establish technical advisory committees such as a~~  
37 ~~committee of consumers and family members.~~

38 ~~(4) Employ all other appropriate strategies necessary or~~  
39 ~~convenient to enable it to fully and adequately perform its duties~~  
40 ~~and exercise the powers expressly granted, notwithstanding any~~

1 authority expressly granted to any officer or employee of state  
2 government.  
3 (5) ~~Develop strategies to overcome stigma and accomplish all~~  
4 ~~other objectives of Part 3.2 (commencing with Section 5830), 3.6~~  
5 ~~(commencing with Section 5840), and the other provisions of the~~  
6 ~~act establishing this commission.~~  
7 (6) ~~At any time, advise the Governor or the Legislature~~  
8 ~~regarding actions the state may take to improve care and services~~  
9 ~~for people with mental illness.~~  
10 (7) ~~If the commission identifies a critical issue related to the~~  
11 ~~performance of a county mental health program, it may refer the~~  
12 ~~issue to the State Department of Mental Health pursuant to~~  
13 ~~Section 5655.~~